

# THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED

(Incorporated in Singapore)  
(Company Registration No. 190800011G)

## CORPORATE GOVERNANCE REPORT

The Board of Directors and Management of The Great Eastern Life Assurance Company Limited (“Great Eastern Life” or the “Company”) place great importance on high standards of corporate conduct, and are committed to good corporate governance and integrity in the business operations and dealings of the Company and its subsidiaries (collectively, the “Group”).

The Company adopts corporate governance practices which are in conformity with the Insurance (Corporate Governance) Regulations 2005 (“ICGR”) and the Guidelines on Corporate Governance (“The Guidelines”) for Banks, Financial Holding Companies and Direct Insurers which are incorporated in Singapore (“Financial Institutions”) issued in September 2005 by The Monetary Authority of Singapore (the “Authority”). The Guidelines comprise the Code of Corporate Governance 2005 (the “Code”) for companies listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and supplementary principles and guidelines added by the Authority to take into account the unique characteristics of the business of the Financial Institutions.

The Company is a wholly-owned subsidiary of Great Eastern Holdings Limited (“GEH”). As GEH, being listed on SGX-ST, adopts corporate governance practices which are in conformity with the Code, the Company’s corporate governance practices are also aligned with the practices of its holding company, GEH.

This corporate governance report (the “Report”) describes the Company’s corporate governance practices with specific reference to the principles and guidelines of The Guidelines for Financial Institutions.

### **THE BOARD’S CONDUCT OF AFFAIRS**

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*Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.*

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### **BOARD COMPOSITION AND GUIDANCE**

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*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board’s decision making.*

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#### **Board Composition**

The Company’s present Board consists of six Directors – a non-executive Chairman, Mrs Fang Ai Lian, four other non-executive Directors, namely Mr Gerard Ee Hock Kim, Mr Koh Poh Tiong, Mr Soon Tit Koon and Mr Tan Yam Pin and an executive Director who is the Company’s Group Chief Executive Officer (“Group CEO”), Mr Ng Keng Hooi. Mr Ng Keng Hooi is also the Group Chief Executive Officer of GEH.

The Company is a “significant insurer” under the ICGR. Such a significant insurer means any direct life insurer which (a) is incorporated in Singapore and (b) has total assets of at least \$5 billion or its equivalent in any foreign currency in its Singapore Insurance Fund and Offshore Insurance Fund.

Being a significant insurer, the composition of the Company’s Board of Directors has to comply with the requirements of the ICGR, that at least a majority of Directors are independent from management and business relationships with the Company and at least one-third of the Board are independent Directors. Under the ICGR, an independent director in relation to a significant insurer means a director who is (a) independent from management and business relationships with the significant insurer and (b) independent from any substantial shareholder of the significant insurer. The Company had to comply fully with the requirements of the ICGR by 30 April 2008 (such date being approved by the Authority).

Accordingly, the composition of the Company’s Board was changed with effect from 15 April 2008 to its present Board to comply with the requirements of the ICGR, as several of its former Board members are also Directors of GEH and hence not considered independent from the Company’s substantial shareholder, GEH, under the ICGR.

With the change in composition of the Company’s Board, the Company’s former Directors who stepped down from the Board with effect from 15 April 2008 were Mr Michael Wong Pakshong (the former Chairman), Dr Cheong Choong Kong, Mr David Conner, Mr Lee Seng Wee, Mr Lee Chien Shih, Tan Sri Dato’ Dr Lin See-Yan and Professor Neo Boon Siong. The new Directors appointed with effect from 15 April 2008 were Mrs Fang Ai Lian, Mr Gerard Ee Hock Kim and Mr Koh Poh Tiong. Subsequently, Mr Soon Tit Koon was also appointed (on 6 May 2008). The Company’s former Director and Group CEO Mr Tan Beng Lee retired from Great Eastern with effect from 31 December 2008 and stepped down from the Company’s Board with effect from 31 December 2008. The Company’s present Group CEO, Mr Ng Keng Hooi, was appointed as a Director of the Company with effect from 1 January 2009. All appointments of Directors on the Company’s Board were with the approval of the Authority.

The Board members of the Company are from diverse backgrounds and qualifications, and bring a range of commercial and financial experience to the Board. Collectively they provide the necessary business acumen, knowledge, capabilities and core competencies to the Company and the Group, including industry knowledge in insurance and actuarial science and knowledge in finance, management, accounting, investment and asset management, consumer marketing, real estate and property development. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities.

The Board composition gets reviewed periodically, to ensure that the Board retains or enhances its effectiveness, taking into account, *inter alia*, the necessary balance of Board competencies and Board size for effective decision making, and nature and scope of the operations of the Company.

### **Board independence**

The Company’s present Board of Directors takes on the responsibility of determining whether a Director is independent, and had determined that pursuant to the provisions of the ICGR, the Company’s independent Directors are Mr Gerard Ee Hock Kim and Mr Koh Poh Tiong. Thus the independent Directors comprise one-third of the Board. Further, the Company’s present Board comprises a majority of Directors who are independent from management and business relationships with the Company (only the Group CEO is not independent from management). Hence the composition of the Company’s present Board is in compliance with the ICGR.

### **Board responsibilities and accountability**

The Company's Board provides strategic direction to the Company and its principal role and functions include the following:

- (a) review and approve the Company's strategic direction, overall policies, long term goals and financial objectives, business plans and annual budget;
- (b) provide Board oversight over the business affairs and review the financial performance of the Company ;
- (c) provide oversight over the setting of the Company's values and standards with emphasis on the Company's core value of integrity and proper conduct of the Company's business affairs at all times and good corporate governance practices;
- (d) oversee the establishment of frameworks for adequate, prudent and effective internal controls and processes, effective risk assessment and management and that clear complaint handling procedures are in place;
- (e) oversee the succession planning for and appointment of key senior executive positions within the Company and responsible for the selection and appointment of the Group CEO;
- (f) approve major corporate activities, initiatives and transactions of a significant nature; and
- (g) monitor Management performance.

- G 1.5 The Company has adopted internal guidelines on matters which require Board approval. Matters requiring Board's approval include overall business strategy and direction, significant policies governing the operations of the Company, strategic or significant acquisitions, investments and divestments by the Company, corporate restructuring, major corporate initiatives and other Company activities of a significant nature, dividend policy and dividend declaration, the year-end financial reporting and financial statements of the Company.

The Board meets regularly during the year, to review the business performance and key activities of the Company presented by Management and to consider business proposals of a significant nature. Decisions are taken objectively in the interests of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board. In 2008 the Board held a total of ten meetings and the Directors' attendance at such meetings is disclosed in this Report.

### **G 1.3 Board Committees**

The present Board committees ("Board Committees"), established to assist the Board to carry out more effectively its oversight of the operations and business affairs of the Company, are the Audit Committee and the Risk and Investment Committee. These Board Committees had been constituted with clear Board-approved written terms of reference. There were two other Board Committees, the Nominating Committee and the Remuneration Committee, established by the former Board but these committees were dissolved when the Company's Board was reconstituted with effect from 15 April 2008, as under the ICGR, a significant insurer which is a subsidiary of any bank or any other insurer need not have a Nominating Committee or a Remuneration Committee provided that the board performs all the functions of these committees and the Authority has been duly informed.

The Company's Board Committees in carrying out their responsibilities in accordance with their respective terms of reference are also actively engaged in assisting the Board to ensure compliance with good corporate governance practices by the Company. Details of the roles and principal responsibilities of Audit Committee and the Risk and Investment Committee are set out in the relevant sections in this Report.

#### **Specific Guidelines:**

**G 1.3: Disclosure on delegating of authority by Board to Board Committees to make decisions on certain Board matters.**

**G 1.5: Disclosure of material transactions requiring board approval under internal guidelines.**

G 1.4 **Meetings and Directors' attendance**

The number of meetings of the Board and Board Committees held in 2008 and the attendance of the Directors at those meetings are tabulated below. There were more meetings held in 2008, including some ad hoc meetings, compared with the previous year, for the reasons explained in the relevant sections on the respective Board Committees in this Report.

**Directors' attendance at Board and Board Committee meetings in 2008**

Name of Director	Board		Audit Committee ("AC")			Risk & Investment Committee ("RIC")			Former Remuneration Committee ("RC")*		Former Nominating Committee ("NC")*	
	No. of Meetings held	Scheduled attended	No. of Meetings held	Scheduled attended	Ad hoc attended	No. of Meetings held	Scheduled attended	Ad hoc attended	No. of Meetings held	Scheduled attended	No. of Meetings held	Scheduled attended
Fang Ai Lian <sup>(1)</sup> , Chairman	8	8	–	–	–	4	4	5	–	–	–	–
Gerard Ee Hock Kim <sup>(2)</sup>	7	7	3	3	1	–	–	–	–	–	–	–
Koh Poh Tiong <sup>(3)</sup>	7	7	3	2	1	–	–	–	–	–	–	–
Soon Tit Koon <sup>(4)</sup>	7	7	–	2	1	–	4	5	–	–	–	–
Tan Yam Pin <sup>(5)</sup>	10	10	4	4	1	–	–	–	–	–	2	2
Tan Beng Lee <sup>(6)</sup>	10	10	–	–	–	6	6	4	–	–	–	–
Cheong Choong Kong <sup>(7)</sup>	3	3	–	–	–	–	–	–	1	1	2	2
David Conner <sup>(7)</sup>	3	2	–	–	–	2	2	–	–	–	–	–
Lee Seng Wee <sup>(7)</sup>	3	3	–	–	–	–	–	–	–	–	2	2
Lee Chien Shih <sup>(7)</sup>	3	3	–	–	–	–	–	–	–	–	–	–
Tan Sri Dato' Dr Lin See-Yan <sup>(7)</sup>	3	3	1	1	–	–	–	–	–	–	–	–
Professor Neo Boon Siong <sup>(7)</sup>	3	3	1	1	–	2	2	–	1	1	–	–
Michael Wong Pakshong <sup>(8)</sup>	3	3	1	1	–	2	2	–	1	1	2	2

**Notes:**

The number of meetings indicated in "held" above reflects the number of meetings held during the time the respective Director held office.

\* NC and RC dissolved with effect from 15 April 2008.

(1) Appointed as Chairman with effect from 15 April 2008, and as Chairman of RIC with effect from 15 April 2008.

(2) Appointed as Director with effect from 15 April 2008 and as Chairman of AC with effect from 15 April 2008.

(3) Appointed as Director with effect from 15 April 2008 and as Member of AC with effect from 15 April 2008.

(4) Appointed as Director with effect from 6 May 2008; invitee at meetings of AC and RIC.

(5) Stepped down as Chairman of AC and as Member of NC with effect from 15 April 2008 but remained as Member of AC with effect from 15 April 2008.

(6) Retired with effect from 31 December 2008 and stepped down as Director of Board and as Member of RIC with effect from 31 December 2008.

(7) Stepped down as Director with effect from 15 April 2008.

(8) Stepped down as Director and Chairman of Board with effect from 15 April 2008.

**Specific Guidelines:**

G 1.4: No. of Board and Board Committee meetings held in the year, and attendance of every Director.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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*Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company’s business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

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- G 3.1 The position and role of the Company’s Chairman Mrs Fang Ai Lian and the Group CEO Mr Ng Keng Hooi are distinct and separate, with clear division of responsibilities between them. The Chairman and the Group CEO are not related to each other.

The Chairman is a non-executive Director and is independent from management and business relationships with the Company. Her principal responsibilities include leading the Board to ensure its effectiveness on various aspects of the Board’s role, approving the meeting agenda of the Board, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between executive and non-executive Directors and between the Board and Management and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.

The Group CEO manages the Company and oversees the operations and implementation of the strategies, plans and policies to achieve the planned corporate performance and financial goals. His management of the businesses, including implementing the Board’s decisions, is carried out with the assistance of the senior management executives of the Company. Collectively they are responsible for the day-to-day operations and administration of the Company, ensuring, *inter alia*, operational and organisational efficiency, profit performance of the operating units, regulatory compliance, good corporate governance and effective risk management.

## **BOARD MEMBERSHIP**

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*Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.*

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### **Process for appointment of new Directors**

- G 4.5 As mentioned above, the Board undertook the functions of the Nominating Committee with effect from 15 April 2008. Such functions include reviewing proposals for the appointment of new Directors, and assessing any suitable candidates based on criteria such as their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Company, their potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board.

Upon the appointment of a new Director, the newly-appointed Director is apprised of the relevant statutory obligations and principal responsibilities as a Director. An induction programme is conducted by Management to brief new Directors on the Company’s principal activities, in particular the insurance business and insurance regulatory requirements. Further details of such induction programme are set out in the section on “Access To Information” in this Report. The Company constantly reviews and improves on the contents of such briefings to new Directors to enable the new Directors to have a more comprehensive understanding of the Company, the insurance business, practices and regulatory requirements and the financial statements of an insurance company.

#### **Specific Guidelines:**

G 3.1: Disclosure of relationship between the Chairman and CEO where they are related to each other.

G 4.5: Selection and appointment process of new directors on Board.

### **Re-nomination of Directors**

All Directors of the Board are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each AGM of the Company, one-third of the Directors are required to retire by rotation in accordance with the Company's Articles of Association, being one-third of those who have been longest in office since their last re-election. Such retiring Directors are eligible for re-election when re-nominated by the Board, taking into account the Directors' attendance at meetings, their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.

The Board also reviews annually whether Directors who have multiple board representations have demonstrated satisfactory time commitment and have carried out their duties adequately as the Company's Directors during the year.

- G 4.1 The Company's former Nominating Committee, which was dissolved with effect from 15 April 2008, comprised Mr Michael Wong Pakshong (Chairman), Dr Cheong Choong Kong, Mr Lee Seng Wee and Mr Tan Yam Pin, and the responsibilities of that Committee were set out in the terms of reference approved by the former Board.

### **Key information on Directors**

- G 4.6 Key information regarding the Company's present Directors, including their academic and professional qualifications, date of first appointment as Directors, date of last re-election or re-appointment as Directors of the Company, other directorships or chairmanships both present and held over the preceding three years in other listed companies and other major appointments are disclosed in this Report. Details of Directors' membership on the present Board Committees are disclosed in this Report. Directors' interests in shares and share options in the Company's ultimate parent company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and other related corporations are disclosed in the Company's Directors' Report that accompanied the Company's financial statements for the year ended 31 December 2008. The Company does not grant share options to non-executive Directors of the Company. The Directors do not hold shares in the Company or the Company's subsidiaries.

## **BOARD PERFORMANCE**

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*Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

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- G 5.1 The Board has implemented formal processes for assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board. Such processes are similar to those of the Company's holding company, GEH. The Board (taking on the responsibilities of the former Nominating Committee), oversees the annual assessment process, which consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees and conducts a self-assessment and a peer-assessment of the other members of the Board.

Such assessments are made against established performance criteria approved by the Board. An independent consultant was appointed to facilitate this evaluation process and to assist the Board in collating and analysing the returns and feedback of the Directors.

#### **Specific Guidelines:**

G 4.1: Composition of Nominating Committee.

G 4.6: Key information regarding Directors.

G 5.1: Process for assessing effectiveness of Board and contribution of each Director.

The Board finds that such individual assessments by the Directors are useful and constructive. This collective process provides an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and helps the Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

## **ACCESS TO INFORMATION**

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*Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

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The Board members are provided with relevant information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. In respect of matters for approval, information furnished by Management usually include background explanatory information, relevant facts and/or analysis to support the proposal, implications or merits of the case, the budget if applicable and Management's recommendation. The senior management executives who can provide additional information and insight or provide clarifications to queries raised are usually present at the meeting during discussion on such matters. Occasionally external consultants engaged on specific projects may also be invited to brief the Board.

Information furnished to the Board on an on-going basis in 2008 included the monthly financials and the quarterly reports prepared on a GEH Group basis which included the financial performance of the Company, with explanations of material variances between actual results and the business plan/budget.

The Directors are continually updated on relevant regulatory changes, in particular, those affecting the insurance industry. From time to time, the Company organises talks, or seminars by external professionals, consultants or advisers on topics relevant to the insurance industry, and to provide updates on development in the industry locally and in other developed countries. Continued training and development programmes for Directors are more flexible and Directors may attend appropriate courses, conferences and seminars conducted by professional bodies within the industry or other external professional organisations.

In 2008, the training and development programmes organised for Directors included a seminar, assisted by professional consultants, on technical update on Solvency II and on the latest developments in International Financial Reporting Standards applicable to the Company. A two-day induction programme was also organised for newly-appointed Directors, consisting of presentations by various senior management executives, including presentations on the Company's key strategies, focus and challenges, the Company's businesses in life insurance in the established markets in Singapore and Malaysia and life business in new markets in China, Indonesia and Vietnam, asset management and financial advisory, the Company's organisation and structure, bases of accounting adopted by the Company, risk management, human resource policies and practices and information technology used.

Directors have separate and independent access to the Company Secretary and to other senior management executives of the Company at all times.

The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. She assists the Chairman to ensure that appropriate Board procedures are followed and that applicable rules and regulations in particular requirements of the Companies Act Chapter 10, Securities and Futures Act and the ICGR are complied with. Her responsibilities include ensuring good information flows between the Board and senior management, and assisting the Chairman and the Board in implementing and strengthening corporate governance practices and processes.

The Directors take independent professional advice as and when necessary to enable them, in particular the independent Directors, to discharge their respective duties effectively; the cost of such professional advice is borne by the Company, as applicable.

## **PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

*Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

## **LEVEL AND MIX OF REMUNERATION**

*Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

## **DISCLOSURE ON REMUNERATION**

*Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.*

As mentioned above, the Company's present Board takes on the functions of the Remuneration Committee. Such functions include ensuring that the Company implements formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and senior management executives.

- G 9.1 The Company's former Remuneration Committee, which was dissolved with effect from 15 April 2008, consisted of Mr Michael Wong Pakshong (Chairman), Dr Cheong Choong Kong and Professor Neo Boon Siong and its responsibilities were set out in terms of reference approved by the former Board of the Company.

The principal responsibilities of the Remuneration Committee undertaken by the Company's present Board are as follows:

- (1) approving a fee-structure for Directors' fees, as well as the framework of remuneration of the executive Director/Group CEO and the senior management executives reporting directly to the Group CEO. Such framework covers all aspects of remuneration including salaries, allowances, bonuses, share options and other incentives and benefits;
- (2) approving the remuneration package for the Group CEO; and
- (3) ensuring that the Company's remuneration policies and practices are sound and the remuneration packages are appropriate to attract, retain and motivate the executive Director and senior management executives without being excessive.

The Board members are knowledgeable in the field of executive compensation, and also have access to expert advice from external independent compensation consultants, where necessary.

### **Specific Guidelines:**

#### **G 9.1: Composition of Remuneration Committee.**

### **Remuneration of non-executive Directors**

The non-executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at meetings and the frequency of meetings, the respective responsibilities of the Directors including on the Board Committees they serve, market practices and the need to pay competitive fees to attract, retain and motivate the Directors. No Director decides his own remuneration.

The Board performs an annual review of the fee structure for Directors' fees and approves any changes considered necessary or appropriate. The aggregate Directors' fees based on the Board-approved fee structure are subject to shareholder's approval at the Company's AGM.

The following is the Board-approved fee structure for the Company's present non-executive Directors in respect of the financial year ended 31 December 2008 ("FY2008"):

#### **Board**

- Annual fee for Chairman: \$40,000
- Annual fee for other member: \$40,000

#### **Board Committees**

- Annual fee for Chairperson: \$30,000 for Audit Committee; \$30,000 for Risk and Investment Committee;
- Annual fee for each of the other Committee Members: \$15,000 per annum for Audit Committee; \$15,000 for Risk and Investment Committee.

Attendance fee: \$2,000 per Board or Board Committee meeting. The attendance fee is paid to non-executive Directors to recognise their commitment and time spent in attending meetings.

### **Remuneration policy in respect of Executive Director and key senior management executives**

The objective of the remuneration policy is to attract, motivate, reward and retain quality personnel. The Group CEO, being an executive Director of the Company, is not paid a Director's fee but receives a remuneration package comprising a basic component and a variable performance-related component. The remuneration of the Group CEO, the respective CEOs of the Company's principal insurance subsidiaries and the key senior management executives who report directly to the Group CEO is reviewed by the Board based on the overall remuneration framework approved by the Board, taking into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with individual performance and contribution.

The basic component of the remuneration package comprises the basic salary, payable on a monthly basis. The variable components of the remuneration comprise the performance-based variable bonus and the long term incentives, generally paid/awarded once a year, and have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company and approved by the Board.

In awarding the long term incentives including the grant of share options to senior executives, the Board also takes into account such senior executives' potential for future development and contribution to the Company.

The annual budgets for salary increment, performance-related variable bonus and long term incentives proposed by Management are submitted to the Board and reviewed and approved by the Board.

### Share option scheme

- G 9.4 The Company currently does not have any share option scheme. Instead, the Company's ultimate holding company, OCBC Bank, grants share options pursuant to the OCBC Share Option Scheme 2001 ("OCBC Scheme") to selected senior executives of the Company, including the Group CEO. Details of options granted to the Group CEO are disclosed in the Company's financial statements; details of the OCBC Scheme are set out in OCBC Bank's Annual Report.

### Disclosure on Directors' remuneration

- G 9.2 The total Directors' remuneration in respect of FY2008 is disclosed in the Company's financial statements for FY 2008 (in the notes to the financial statements). Directors' fees proposed to be paid to the Company's non-executive Directors totalled to \$358,440 in respect of FY2008, subject to approval at the Company's AGM.

The level and mix of each Director's remuneration, in percentage terms and in remuneration bands of \$250,000 are as set out below:

	Directors' fees	Base/ fixed salary	Variable or performance-related bonus	Long <sup>(1)</sup> term incentives	Other <sup>(2)</sup> Benefits	Total
	%	%	%	%	%	%
<u>Non-executive Directors</u>						
Below \$250,000						
Fang Ai Lian	100	–	–	–	–	100
Gerard Ee Hock Kim	100	–	–	–	–	100
Koh Poh Tiong	100	–	–	–	–	100
Soon Tit Koon <sup>(3)</sup>	100	–	–	–	–	100
Tan Yam Pin	100	–	–	–	–	100
<u>Executive Director</u>						
\$2,000,000 to \$2,249,999						
Tan Beng Lee <sup>(4)</sup>	–	43	26	20	11	100

#### Notes:

- (1) Include fair value of grant of share options ("Options") under OCBC Scheme and award of deferred shares ("Deferred Shares") under OCBC Deferred Share Plan.
- (2) Non cash components, include car benefits, club and other benefits.
- (3) Directors' fee attributable to Mr Soon Tit Koon is paid to OCBC Bank.
- (4) Mr Tan Beng Lee retired as Group CEO and also resigned as Director with effect from 31 December 2008. In 2008, he was granted 120,000 Options at exercise price of \$7.52 per share, and awarded 105,344 Deferred Shares
- (5) Directors' fees payable to each of the former Board members (Dr Cheong Choong Kong, Mr David Conner, Mr Lee Seng Wee, Mr Lee Chien Shih, Tan Sri Dato' Dr Lin See-Yan and Professor Neo Boon Siong) for the period 1 January 2008 to 15 April 2008 were all below \$250,000 each, and comprised 100% of Directors' fees, without any other components. Directors' fee attributable to Mr David Conner is paid to OCBC Bank.

- G 9.2 After careful consideration, the Company decided not to disclose information on the names and remuneration of the top five key management executives as the disadvantages to the Company's business interests would far outweigh the benefits of such disclosure, in view of the disparities in remuneration in the industry and the competitive pressures that are likely to result from such disclosure.

#### Specific Guidelines:

G 9.4: Details of employee share schemes.

G 9.2: Directors' remuneration within bands of \$250,000, and breakdown of composition of remuneration in percentage terms. Also to disclose names and remuneration of the top five key executives (who are not Directors), in bands of \$250,000.

- G 9.3 The remuneration of an employee of the GEH Group, who is an immediate family member of the Company's former Chairman who had stepped down with effect from 15 April 2008, is within the remuneration band of \$250,000 to \$499,999 for FY2008.

## **ACCOUNTABILITY**

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*Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

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As the Company is wholly-owned by GEH, the Board is also responsible for providing to GEH, the Company's shareholder, a balanced and understandable assessment of the performance of the Company, position and prospects, including furnishing periodic financial statements and other reports.

To keep the Board members informed and updated, Management provides the Board with periodic financial updates on the performance and position of the Company. The Board is also updated on any significant events that have occurred in or affecting the industry during the year.

## **AUDIT COMMITTEE**

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*Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

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### **G 11.8 Audit Committee**

The present Audit Committee comprises three Directors who are all non-executive Directors, being Mr Gerard Ee Hock Kim (Chairman), Mr Koh Poh Tiong and Mr Tan Yam Pin. Members of the Audit Committee are appropriately qualified (two members have formal accounting qualifications) and have accounting and financial management knowledge and experience to discharge their responsibilities. The Company's former Audit Committee up to 15 April 2008 comprised Mr Tan Yam Pin (Chairman), Mr Michael Wong Pakshong, Tan Sri Dato' Dr Lin See-Yan and Professor Neo Boon Siang.

As the Company's present Audit Committee comprises three board members who are independent from management and business relationships with the Company and a majority of the members (including Chairman of the Audit Committee) are independent directors (under the ICGR), the composition of the Company's present Audit Committee is in compliance with the ICGR.

The Audit Committee carries out functions prescribed in Section 201B(5) of the Companies Act, Chapter 50 and in The Guidelines, and operates within Board-approved written terms of reference which set out the Audit Committee's authority and duties.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, and has full access to and the co-operation of Management. The Audit Committee has full discretion to invite any Director or senior management executives to attend its meetings. It has resources to enable it to discharge its functions properly.

#### **Specific Guidelines:**

**G 9.3: Remuneration of employees who are immediate family members of a Director or the CEO and whose remuneration exceeds \$150,000 during the year.**

**G 11.8: Composition of Audit Committee and details of Committee's activities.**

G 11.8 The functions performed by the Audit Committee and details of the Audit Committee's activities during the FY2008 included the following:

1. Reviewed with the internal and external auditors –
  - 1.1 their audit plans, their evaluation of the system of internal controls and their audit reports;
  - 1.2 the scope and results of the internal audit procedures; and
  - 1.3 the assistance given by the officers of the Company to the auditors.
2. Reviewed with the external auditors –
  - 2.1 the audited financial statements of the Company for the financial year for submission to the Board for consideration and approval thereafter;
  - 2.2 their scope and overall audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them;
  - 2.3 the implications and impact on the financial statements of proposed implementation of new financial reporting standards and any changes in accounting policies and regulatory requirements; and
  - 2.4 any significant financial reporting issues, to ensure the integrity of the financial statements of the Company.
3. Reviewed the findings of the internal and external auditors on their reviews of the adequacy and effectiveness of the internal controls of the Company and its principal subsidiaries, including internal financial controls, operational and compliance controls and systems established by Management.
4. Reviewed the effectiveness of the internal audit functions of the Company and its principal subsidiaries.
5. Performed the annual review of the independence of the external auditors.
6. Made recommendations to the Board on the re-appointment of the external auditors, and approved the remuneration and terms of engagement of the external auditors.

The Company has also instituted a whistle-blowing policy under which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The Audit Committee held a total of five meetings in 2008, including one ad hoc meeting principally to consider financial and accounting issues that arose as a result of the impact of the global financial crisis and market meltdown. Members' attendance at the Audit Committee meetings is disclosed in this Report. Records are maintained on all the meetings of the Audit Committee, in particular records of discussions and key deliberations and decisions taken. The internal and external auditors were present at the Audit Committee meetings and the Group CEO and certain senior management executives including the MD, Finance and Corporate Affairs were also present.

The Audit Committee, in performing its functions, has met at least annually with the internal and external auditors without the presence of Management. The auditors, both internal and external, have unrestricted access to the Audit Committee.

**Specific Guidelines:**

**G 11.8: Composition of Audit Committee and details of Committee's activities.**

## **INTERNAL CONTROLS**

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*Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.*

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Management has set up and maintained a sound system of internal controls to safeguard the investments and the assets of the Company.

Both internal and external auditors of the Company conduct reviews annually of the effectiveness of the internal controls of the Company, including financial, operational and compliance controls. Any material weaknesses or non-compliance in internal controls are reported to the Audit Committee, with recommendations for improvement.

- G 12.2 In the course of performing its functions during the financial year, including the review of the adequacy of the internal controls with internal and external auditors, the Audit Committee is satisfied with the adequacy of the internal controls established, including the financial, operational and compliance controls (The adequacy of the risk management systems is under the purview of the Company's Risk and Investment Committee).

## **INTERNAL AUDIT**

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*Principle 13: The company should establish an internal audit function that is independent of the activities it audits.*

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The internal audit function is independent of the activities it audits. The terms of reference of the Internal Audit are approved by the Audit Committee. The Head of the Group Internal Audit's primary line of reporting is to the Chairman of the Audit Committee, although reporting administratively to the Group CEO. The Internal Audit Department is staffed by suitably qualified executives, and the Audit Committee ensures that the internal audit function is adequately resourced.

During the year, Group Internal Audit carried out audits on selected significant business units in the Company, including audit review of the IT systems. Group Internal Audit's summary of major findings and recommendations and Management's related responses were discussed at the Audit Committee meetings. There are processes in place for ensuring that recommendations raised in internal audit reports are dealt with in a timely manner. Outstanding exceptions or recommendations are closely monitored. The Audit Committee also reviews annually the adequacy of the internal audit function.

## **COMMUNICATION WITH SHAREHOLDERS**

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*Principle 14: Companies should engage in regular, effective and fair communication with shareholders.*

*Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

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The Company places great importance on regular, effective and fair communication. The Company ensures that timely and adequate disclosures of material information on the Company are made available to its shareholder (GEH), including periodic financial results with balanced and comprehensive assessments of the performance and position of the Company.

### **Specific Guidelines:**

**G 12.2: Adequacy of internal controls, including financial, operational and compliance controls, and risk management systems.**

For the Company's AGM, separate resolutions are set out on distinct issues, such as the proposed re-appointment or re-election of Directors, proposed Directors' fees and recommendation of final dividend, for approval by the shareholder (GEH) at the AGM. For the Company's EGM, the proposed corporate action or transaction, as applicable, and the rationale and other pertinent details for such proposal are set out in a separate document to the shareholder, with the proposed resolution set out for approval by shareholder at the EGM.

## **EXECUTIVE COMMITTEE**

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*Principle 16: The Board may establish an Executive Committee to assist in the discharge of its duties.*

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The Company currently does not have an Executive Committee.

## **RISK MANAGEMENT**

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*Principle 17: The Board should ensure that there is a robust risk management system in the Financial Institution.*

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### **Risk and Investment Committee and Risk Management**

G 17.6 The Company's present Risk and Investment Committee comprises two Directors, Mrs Fang Ai Lian (Chairman) and Mr Ng Keng Hooi. The former members of the Company's Risk and Investment Committee up to 15 April 2008 consisted of Mr Michael Wong Pakshong (Chairman), Mr David Conner, Professor Neo Boon Siong and, up to 31 December 2008, Mr Tan Beng Lee.

The Risk and Investment Committee assists the Board in monitoring the effectiveness and adequacy of the risk management processes and systems set up by the Company.

The Risk and Investment Committee reviews the overall risk management framework and performs its functions pursuant to its Board-approved terms of reference. Such terms of reference include the overview and periodic review of policies on asset-liability and investment management, overview on enterprise risk management, major risk management initiatives and approval of significant investment, property and other financial transactions that exceed the authorisation limits of the Management Committees that the Risk and Investment Committee oversees – the Group Asset-Liability Committee and the Singapore Credit Risk Committee. Investment-related activities and transactions of material consequence are reviewed and approved by the Risk and Investment Committee and reported to the Board for information or for endorsement or approval, as applicable.

The Risk and Investment Committee held a total of ten meetings during the year including five ad hoc meetings. Such meetings were held concurrently with the meetings of the Risk and Investment Committee of GEH and of OAC. Records are maintained on all its meetings, in particular records of discussions on key deliberations and decisions taken. The ad hoc meetings held were primarily to review, assess and to mitigate where possible the impact of the global financial crisis and market meltdown on the investments, taking into consideration the prevailing changes in the financial and economic environment.

#### **Specific Guidelines:**

Guideline 17.6: Composition of Board Risk Management Committee and details of the committee's activities. Board's comments, made in consultation with the Board Risk Management Committee, in the annual report on adequacy of the risk management processes of the Financial Institution.

The Company's risk management function has adequate resources and is staffed by an appropriate number of experienced and qualified employees who are sufficiently independent to perform their duties objectively. The Head of the risk management function reports to the Group CEO.

The Company's risk governance, risk management objectives and policies and other pertinent details are disclosed in the notes to the Company's financial statements.

## **RELATED PARTY TRANSACTIONS**

*Principle 18: The Board should ensure that related party transactions with the Financial Institution are undertaken on an arm's length basis.*

- G 18.1 The Company's existing procedures on related party transactions enable it, *inter alia*, to collate and analyse the transactions for monitoring and disclosure purposes. The Audit Committee reviews any material related party transactions and ensures that these are undertaken on an arm's length basis. The Board is kept informed of such material transactions, if any.

During the year 2008, the Company entered into transactions with its related parties in the normal course of business and these transactions were at arm's length basis. Most of these transactions were in relation to reinsurance premium accepted from a related company and cash and cash equivalents held with the Company's ultimate holding company. A summary of the related party transactions entered into in FY2008 was disclosed in the Company's financial statements for FY2008 (in the Notes to the financial statements).

## **MANAGEMENT COMMITTEES**

### **GROUP MANAGEMENT TEAM, GROUP ASSET-LIABILITY COMMITTEE**

The following Management committees, which are not Board committees, have been set up by the Company to enhance senior management's overview and review of the Company's operations and its risk governance and management.

The Group Management Team ("GMT") consists of key senior management executives of the Company and its principal insurance subsidiaries. The Team includes the MD (Singapore), MD (Finance & Corporate Affairs), MD (Strategy & Strategic Partnerships), MD (Operations and Information Technology), MD (Group Human Capital), Group Company Secretary and Head of Group Secretariat and Legal (Corporate), the Head of Group Risk Management, the CEO of Great Eastern Life Assurance (M) Bhd, EVP Investment Management and the EVPs overseeing the Group's operations in China, Indonesia and Vietnam. The GMT provides overall Management governance and oversight over the principal insurance subsidiaries within the Group, covering all business and operational aspects of the Group. The GMT meets once a month; the meetings are chaired by the Group CEO.

The Group Asset-Liability Committee ("Group ALC") – The members of the Group ALC consist of certain senior management executives of the Company, including MD (Finance & Corporate Affairs), MD (Singapore), Head of Group Risk Management, Regional Actuary, Head of Investment Management (Singapore and Malaysia) and the CEO of Lion Global Investors Limited, the asset management company within the GEH Group that manages the funds of the Company.

#### **Specific Guidelines:**

**Guideline 18.1: Material related party transactions.**

Group ALC's focus is principally on investment and liability management and its functions include overseeing the formulation and execution of investment strategy, reviewing asset allocation, reviewing pricing/re-pricing of insurance products, monitoring and determining asset-liability matching and reviewing performance of the investment portfolio and performance of fund managers. The Group ALC is also responsible for conducting periodic reviews of approved investment policy and to recommend changes required, taking into consideration changes in the business and economic environment and ensuring that investment policies relating to the insurance funds of the principal insurance subsidiaries are consistent with the asset-liability management strategies. The Group ALC also reviews and approves (within given authorisation limits) investment proposals and asset allocation. The Group ALC meets regularly, and the meetings are chaired by the Group CEO. The Group ALC reports to the Risk and Investment Committee on all its major decisions.

Date: 31 March 2009

## **BOARD OF DIRECTORS & OTHER CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Mrs Fang Ai Lian, Chairman  
Mr Ng Keng Hooi, Group Chief Executive Officer  
Mr Gerard Ee Hock Kim  
Mr Koh Poh Tiong  
Mr Soon Tit Koon  
Mr Tan Yam Pin

### **AUDIT COMMITTEE**

Mr Gerard Ee Hock Kim, Chairman  
Mr Koh Poh Tiong  
Mr Tan Yam Pin

### **RISK AND INVESTMENT COMMITTEE**

Mrs Fang Ai Lian, Chairman  
Mr Ng Keng Hooi

### **PRINCIPAL OFFICER**

Mr Tan Hak Leh

### **APPOINTED ACTUARY**

Mr Khoo Kah Siang

### **COMPANY SECRETARY**

Mrs Elizabeth Teoh Pek Har

### **REGISTERED OFFICE**

The Great Eastern Life Assurance Company Limited  
1 Pickering Street #16-01  
Great Eastern Centre  
Singapore 048659  
Telephone : 6248 2846  
Facsimile : 6438 3889  
Website : [www.lifeisgreat.com.sg](http://www.lifeisgreat.com.sg)  
Email: [wecare@lifeisgreat.com.sg](mailto:wecare@lifeisgreat.com.sg)

### **AUDITORS**

Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
**Partner In Charge**  
Mr Shekaran Krishnan  
(since financial year 2008)

## **BOARD OF DIRECTORS**

### **FANG AILIAN**

#### **Chairman**

Mrs Fang was first appointed Chairman of the Board of The Great Eastern Life Assurance Company Limited (the “Company”) on 15 April 2008. She was appointed Chairman of Great Eastern Holdings Limited (“GEH”) and The Overseas Assurance Corporation Limited (“OAC”) on 15 April 2008. She was appointed Chairman of the Company’s principal insurance subsidiaries – Great Eastern Capital (Malaysia) Sdn Bhd, Great Eastern Life Assurance (Malaysia) Berhad and Overseas Assurance Corporation (Malaysia) Berhad on 3 June 2008. She also serves as a Director in several companies, including Oversea-Chinese Banking Corporation Limited (“OCBC Bank”), Banyan Tree Holdings Limited, Singapore Telecommunications Limited, Metro Holdings Limited and MediaCorp Pte Ltd. She is a Board member of Public Utilities Board, International Enterprise Singapore and a Member of the Governing Board of Duke-NUS Graduate Medical School of Singapore. She was previously with Ernst & Young (“E&Y”) for the past 37 years till her retirement on 31 March 2008, the last position being Chairman of E&Y Singapore.

Mrs Fang qualified as a Chartered Accountant in England and is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Certified Public Accountants in Singapore and a Member of the Malaysian Association of Certified Public Accountants.

### **NG KENG HOOI**

#### **Group Chief Executive Officer**

Mr Ng was first appointed to the Board of the Company on 1 January 2009. Mr Ng was appointed the Group Chief Executive Officer of the Company, of GEH and OAC with effect from 1 December 2008. He was appointed to the Board of GEH and OAC on 1 December 2008 and 1 January 2009 respectively and was appointed Chairman of Lion Global Investors Limited on 2 January 2009. Mr Ng had formerly worked for about 19 years with the Prudential group. The last position he held (until November 2008) was as Regional Managing Director, Insurance, for Malaysia, Singapore and Indonesia. He was also a Director of Prudential Corporation Asia, Chairman of Prudential Assurance Malaysia Berhad, Chairman of Prudential Assurance Co Singapore and President Commissioner of PT Prudential Life Assurance, Indonesia.

Mr Ng holds a Bachelor of Science in Mechanical Engineering (Summa Cum Laude) from Lafayette College, Easton, Pennsylvania, USA and is a Fellow of the Society of Actuaries, USA.

### **GERARD EE HOCK KIM**

Mr Ee was appointed to the Board of the Company on 15 April 2008. Mr Ee is a Director of The Straits Trading Company Limited and Financial Industry of Disputes Resolution Centre Limited. He is Chairman of National Kidney Foundation, Public Transport Council, Council for Third Age Limited and Medifund Advisory Council. He was a practicing accountant from 1976 till he retired as an audit partner of Ernst & Young on 30 June 2005.

Mr Ee is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Institute of Certified Accountants of Singapore.

### **KOH POH TIONG**

Mr Koh was appointed to the Board of the Company on 15 April 2008. Mr Koh is the Chief Executive Officer, Food and Beverage of Fraser and Neave, Limited. He is a Director of Asia Pacific Breweries Limited (“APB”) and its subsidiaries, National Healthcare Group Pte Ltd, PSA International Pte Ltd, PSA Corporation Ltd and Fraser & Neave Holdings Berhad. He is Chairman of the Singapore Kindness Movement and Board member of the Singapore Youth Olympic Games Organizing Committee. He was previously with APB as Chief Executive Officer from October 1993 to September 2008. He was Chairman of the Agri-Food & Veterinary Authority from April 2000 to March 2008.

Mr Koh holds a Bachelor of Science from University of Singapore.

### **SOON TIT KOON**

Mr Soon was first appointed to the Board of the Company on 6 May 2008. Mr Soon is the Head of Group Investments of OCBC Bank, managing OCBC Bank’s investments in overseas banks, as well as non-core investments in equities and real estate. He is a Director of Lion Global Investors Limited, Bank of Ningbo Co, Ltd, OCBC Bank (Malaysia) Berhad, OCBC Overseas Investments Pte Ltd, OCBC Securities Pte Ltd, Overseas Investment Research Pte Ltd, OCBC Sigma Investment Pte Ltd, Bank of Singapore Ltd, OCBC Bank (China) Ltd and Fraser and Neave, Limited.

Mr Soon holds a Bachelor of Science (Hons) from University of Singapore, and a Master of Business Administration from University of Chicago, USA.

### **TAN YAM PIN**

Mr Tan was first appointed to the Board of the Company on 7 January 2005 and last re-elected as the Company’s Director on 25 May 2007. Mr Tan is Director of GEH and OAC. Mr Tan is also a non-executive Chairman of Singapore Food Industries Limited, and a Director of Singapore Post Limited, Keppel Land Limited, Blue Scope Steel Limited (Australia) and Leighton Asia Limited (Hong Kong). He is a Member of the Singapore Public Service Commission since 1990. He was previously Chairman of Power Seraya Limited (until early March 2009), a Director of Certis Cisco Security Private Limited (until 1 January 2009) and East Asiatic Company Limited A/S (Denmark) (until end March 2006).

Mr Tan holds a Bachelor of Arts (Hons) from the University of Singapore and a Master of Business Administration from the University of British Columbia, Canada. He is a Fellow of the Canadian Institute of Chartered Accountants, Canada.